

AN ACT in relation to financial matters.

Be it enacted by the People of the State of Illinois,
represented in the General Assembly:

Section 5. The Illinois Financial Services Development
Act is amended by changing Section 8 as follows:

(205 ILCS 675/8) (from Ch. 17, par. 7008)

Sec. 8. Amendment of governing agreement.

(a) If the agreement governing a revolving credit plan so provides or allows, a financial institution may at any time or from time to time amend the terms of such agreement in accordance with the further provisions of this Section 8. The financial institution shall notify each affected borrower of the amendment in the manner set forth in the agreement governing the plan and in compliance with the requirements of the Truth-in-Lending Act and regulations promulgated thereunder, as in effect from time to time, if applicable.

(b) Subject to subsection (c) below, if the terms of the agreement governing the plan, as originally drawn or as amended pursuant to this Section so provide, any amendment may, on and after the date upon which it becomes effective as to a particular borrower, apply to all then outstanding unpaid indebtedness in the borrower's account under the plan, including any such indebtedness which shall have arisen out of purchases made or loans obtained prior to the effective date of the amendment.

(c) If such amendment has the effect of increasing the interest or other charges to be paid by the borrower, the financial institution shall mail or deliver to the borrower, at least 30 days before the effective date of the amendment, a clear and conspicuous written notice which shall:

(1) describe the amendment and the existing term or

terms of the agreement affected by the amendment,

(2) set forth the effective date of the amendment,

(3) state whether or not the amendment will apply to the outstanding unpaid indebtedness as of the effective date of the amendment,

(4) state that absent the borrower's written notice to the financial institution within 30 days of the earlier of the mailing or delivery of the notice of amendment that the borrower does not agree to accept the amendment, the amendment will become effective and apply to the borrower's account, and

(5) provide an address to which the borrower may send notice of the borrower's election not to accept the amendment and include an addressed postcard that the borrower may return to the financial institution for that purpose.

(c-5) If such amendment results in an unfavorable change in the interest or other charges on a revolving credit plan which: (i) relates to a change in the borrower's credit standing, (ii) does not affect all or a substantial portion of a class of the creditor's accounts, and (iii) does not relate to inactivity, default, or delinquency on that revolving credit plan, the financial institution shall include in the notice required by subsection (c) of this Section 8 a statement that is substantially similar to the following:

Change in Credit Standing

The amendment to the terms of your account relates to a change in your credit standing. The change in your credit standing may have resulted from a default or delinquency on other accounts you may have, or other adverse changes in your financial circumstances. If you submit the enclosed postcard or otherwise notify us in a timely manner as provided in this notice that you do not

accept the amendment, you will be able to pay off your existing balance at the rate in effect prior to the amendment. However, in that instance, you may not be eligible to obtain additional credit under this plan after the effective date of the amendment. If you do not provide timely notice to us as provided in this notice that you do not accept the amendment, the amendment to the terms of your account will become effective and apply to your account.

(c-10) As a condition to the effectiveness of the borrower's notice not to accept the amendment, the financial institution may require the borrower to return all credit devices.

Any borrower who gives a timely notice electing not to accept the amendment shall be permitted to pay the outstanding unpaid indebtedness in the borrower's account under the plan in accordance with the terms of the agreement governing the plan without giving effect to the amendment.

Notwithstanding the financial institution's receipt of the borrower's notice under item (4) that the borrower does not accept the amendment, the amendment shall be deemed to have been accepted and effective with respect to the borrower and the borrower's account if the borrower uses the credit device to obtain credit under the credit plan on or after the effective date of the amendment, and the amendment shall be deemed effective as of the effective date originally disclosed by the financial institution.

(d) For purposes of this Section, the following shall not be deemed an amendment which has the effect of increasing the interest to be paid by the borrower:

(1) a decrease in the required amount of periodic installment payments; and

(2) a change from a daily periodic rate to a periodic rate other than daily, or from a periodic rate

other than daily to a daily periodic rate, provided that there is no resulting change in the annual percentage rate as determined in accordance with the Truth-in-Lending Act and regulations promulgated thereunder, as in effect from time to time.

(Source: P.A. 88-531.)

Section 10. The Tax Refund Anticipation Loan Disclosure Act is amended by changing Section 10 as follows:

(815 ILCS 177/10)

Sec. 10. Disclosure requirements. At the time a borrower applies for a refund anticipation loan, a facilitator shall disclose to the borrower on a document that is separate from the loan application:

(1) the refund anticipation loan fee schedule;

(1.5) the Annual Percentage Rate utilizing a 10-day time period;

(2) the estimated fee for preparing and electronically filing a tax return;

(2.5) the total cost to the borrower for utilizing a refund anticipation loan;

(3) the estimated date that the loan proceeds will be paid to the borrower if the loan is approved;

(4) that the borrower is responsible for repayment of the loan and related fees in the event the tax refund is not paid or not paid in full; and

(5) the availability of electronic filing for the income tax return of the borrower and the average time announced by the federal Internal Revenue Service within which the borrower can expect to receive a refund if the borrower's return is filed electronically and the borrower does not obtain a refund anticipation loan.

(Source: P.A. 92-664, eff. 1-1-03.)

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Section 99. Effective date. This Act takes effect on
January 1, 2004.